

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

February 16, 2005

IN RE:

**PETITION OF CHATTANOOGA GAS COMPANY
FOR APPROVAL OF ADJUSTMENT OF ITS
RATES AND CHARGES AND REVISED TARIFF**

**DOCKET NO.
04-00034**

**ORDER GRANTING CHATTANOOGA GAS COMPANY'S
PETITION FOR RECONSIDERATION OF THE AUTHORITY'S
OCTOBER 20, 2004 ORDER**

This matter came before Chairman Pat Miller, Director Deborah Taylor Tate and Director Sara Kyle of the Tennessee Regulatory Authority (the "Authority" or "TRA"), the voting panel assigned to this docket, at a regularly scheduled Authority Conference held on November 22, 2004, for consideration of the *Petition for Reconsideration* ("*Petition*") filed by Chattanooga Gas Company ("CGC") on November 4, 2004. CGC's *Petition* seeks reconsideration of the panel's *Order* which was issued on October 20, 2004. The Consumer Advocate and Protection Division of the Office of the Attorney General ("Consumer Advocate") filed the *Consumer Advocate's Response to Chattanooga Gas's Petition for Reconsideration* ("*Response*") on November 12, 2004. CGC filed a Reply on November 19, 2004.

In its *Petition*, CGC requested that the panel reconsider the capital structure and return on equity previously adopted in the October 20, 2004 *Order*. CGC argued that the rate of return set forth in the *Order* was in violation of constitutional and legal provisions, arbitrary and capricious, made upon unlawful procedure and unsupported by the evidence. In its *Response*,

the Consumer Advocate argued that the overall rate of return, capital structure and return on equity adopted in the *Order* were reasonable and supported by the evidence. The Consumer Advocate also asked to “reserve the right to ask the Authority to reconsider other aspects of the decision”¹ if the docket was re-opened for reconsideration of the *Order*. In its Reply, CGC argued that Authority should not allow the Consumer Advocate to raise issues beyond the scope of those raised in CGC’s *Petition* because the Consumer Advocate could have filed its own petition for reconsideration to raise those additional issues. CGC also reiterated its previous arguments concerning reconsideration of the capital structure and return on equity aspects of the *Order*.

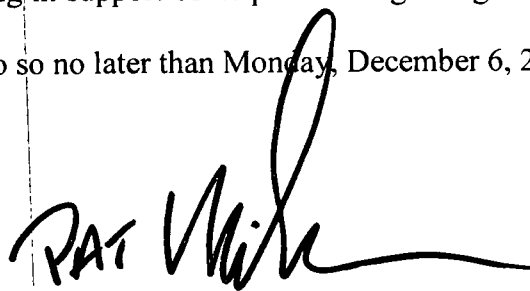
Based upon a review of the filings of CGC and the Consumer Advocate and after reviewing the record, the panel voted unanimously to grant CGC’s *Petition for Reconsideration* and to limit reconsideration of the October 20, 2004 *Order* to those issues raised by CGC in its *Petition*. The panel also voted to set this matter for oral argument on the December 13, 2004 Authority Conference and to require any party desiring to submit a filing in support of its position to do so no later than Monday, December 6, 2004.

IT IS THEREFORE ORDERED THAT:

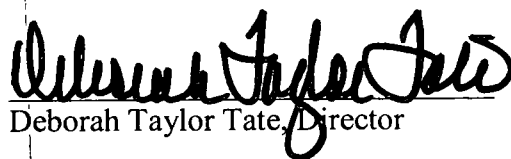
1. Chattanooga Gas Company’s *Petition for Reconsideration* is granted and reconsideration of the October 20, 2004 *Order* shall be limited to those issues raised in the *Petition*;
2. Oral argument addressing the issues raised in the *Petition for Reconsideration* shall be heard at the December 13, 2004 Authority Conference; and

¹ *Consumer Advocate’s Response to Chattanooga Gas’s Petition for Reconsideration*, p. 2 (November 12, 2004)

3. Any party desiring to make a filing in support of its position regarding the issues raised in the *Petition for Reconsideration* shall do so no later than Monday, December 6, 2004.

A handwritten signature in black ink, appearing to read "PAT Miller", written over a horizontal line.

Pat Miller, Chairman

A handwritten signature in black ink, appearing to read "Deborah Taylor Tate", written over a horizontal line.

Deborah Taylor Tate, Director

A handwritten signature in black ink, appearing to read "Sara Kyle", written over a horizontal line.

Sara Kyle, Director